

VZCZCXRO0895  
RR RUEHCN RUEHGH  
DE RUEHGH #0297/01 2140547  
ZNY CCCCC ZZH  
R 010547Z AUG 08  
FM AMCONSUL SHANGHAI  
TO RUEHC/SECSTATE WASHDC 7021  
INFO RUEHBJ/AMEMBASSY BEIJING 2000  
RUEHCN/AMCONSUL CHENGDU 1317  
RUEHGH/AMCONSUL GUANGZHOU 1288  
RUEHSH/AMCONSUL SHENYANG 1313  
RUEHIN/AIT TAIPEI 1126  
RUEHHK/AMCONSUL HONG KONG 1459  
RHEHAAA/NATIONAL SECURITY COUNCIL WASHINGTON DC  
RUEHGH/AMCONSUL SHANGHAI 7591

C O N F I D E N T I A L SECTION 01 OF 03 SHANGHAI 000297

SIPDIS

DEPT FOR EAP/CM AND INR

E.O. 12958: DECL: 8/1/2033

TAGS: [PGOV](#) [PINR](#) [ECON](#) [CH](#)

SUBJECT: SHANGHAI PARTY SECRETARY YU ZHENGSHENG'S PRAGMATIC  
LEADERSHIP

REF: A) SHANGHAI 19; B) SHANGHAI 18

CLASSIFIED BY: Kenneth Jarrett, Consul General, U.S. Consulate ,  
Shanghai .  
REASON: 1.4 (b), (d)

¶1. (C) Summary: Eight months after taking over the leadership in Shanghai, Consulate contacts praise Party Secretary Yu Zhengsheng as being fair-minded and pragmatic. He may not be a charismatic leader, but he is able to strike a balance between Beijing and Shanghai's interests. As a practical matter, this is helpful as he still lacks the political clout to dominate the Shanghai Bureaucracy and he certainly does not want to challenge Beijing on any core issues. As for Shanghai Mayor Han Zheng, our contacts believe he will remain in place to maintain some stability in Shanghai's leadership. However, trials in connection with Shanghai's pension scandal continue. End Summary.

So Far So Good  
-----

¶2. (C) In various meetings with Congenoffs, a range of local contacts have provided positive assessments of Shanghai Party Secretary Yu Zhengsheng. During a July 17 dinner, Shanghai CIQ officials described Yu as someone who can make decisions with an interesting and well-connected background, and popular with Shanghai citizens. They found him to be straightforward and pragmatic. Fudan University Center for American Studies academics had similar views of Yu during a dinner on July 18. They characterized Yu as down-to-earth and possessed an inner strength. Yu has distinguished himself from past Shanghai leaders by being more attentive during meetings and forcing advisors to put down their prepared texts and answer questions. Yu also seems to pay more attention to the problems of Shanghai citizens and has visited poorer sections of Shanghai. In a meeting on July 28, Shanghai Municipal Peoples Congress (MPC) researcher Zhou Meiyan in a meeting also praised Yu for his efforts to learn about conditions for ordinary people. Yu once refused to take an official car to a function and insisted on riding the subway with his wife instead. Having ridden the subway, Yu called on officials to make improvements.

¶3. (C) Zhou believes that it is too early to tell whether Yu truly supports reforms. She senses that there have been some improvements in the media. For example, there was a great deal of information about the July 1 knife attack of a police station in the media and on the Internet. In addition, the Pudong

District Government is fostering an open government and has published many regulations on the Internet. While it is not clear whether Yu is directly responsible for this more open atmosphere, the government has become more open after Yu's arrival, said Zhou. Zhou bases some of her hopes on Yu's actions when he was Hubei Party Secretary. Under Yu, the Hubei government published its budget on the Internet. She has been pushing for the Shanghai government to also publish its budget, but these efforts have stalled as there is much opposition within the governmental bureaucracy. She believes that Yu supports publishing the budget, but does not yet have the political influence to overcome this opposition.

#### Keeping Shanghai In Line

-----

14. (C) During a lunch on July 24, Tongji Professor Frank Peng relayed a somewhat less positive view of Yu. Peng criticized Yu for lacking charisma. In addition, he felt that Yu lacks his own policies and simply follows Beijing's lead. Beijing's goals for Shanghai are for the city to 1) obey the Central Government and 2) develop its four "centers" (international economic, financial, trade and logistics) in support of the country's development.

#### Yangtze River Delta Integration

-----

15. (C) Another of Beijing's chief goal is to improve Yangtze River Delta (YRD) integration. The YRD region consists of Shanghai, Jiangsu and Zhejiang. Although this region only accounts for 2 percent of the land and 10 percent of the population, it generates 24 percent of China's GDP. Peng predicted that the transportation systems and social systems of

SHANGHAI 00000297 002 OF 003

the cities in this region will be fully integrated in the near future. There will be trains departing every few minutes from Shanghai for Hangzhou and other major cities in the region. Citizens will be able to use the same transportation cards and medical insurance cards throughout the region. According to Peng, Chen Liangyu's downfall was due in part by his refusal to support YRD integration. Chen believed that he would not be able to control the YRD region. On the other hand, Xi Jinping was very active in pushing for YRD integration during his brief tenure as Shanghai Party Secretary. Peng believes that Yu supports YRD integration, but did not give any concrete examples.

#### Maglev vs. High-Speed Rail

-----

16. (C) According to Peng, Yu does not have the inclination, nor the power to oppose Beijing's policies. For example, Shanghai has for a long time championed the establishment of Magnetic Levitation (Maglev) lines to connect Shanghai to nearby cities. (See reftels.) Former Premier and Shanghai Mayor Zhu Rongji was a big supporter of the Maglev which has German technology, because of his close ties to German Chancellor Gerhard Schroeder. The Railway Ministry in Beijing, however, supports a "wheel and rail" system and is promoting high-speed railways. Peng cited the recent announcements that Shanghai will build high-speed rail lines from Shanghai to Hangzhou and Shanghai to Nanjing as an indication that Yu is siding with the Central government and abandoning the Maglev. (Note: Officially, the Shanghai government's plans to extend the Maglev to Hangzhou have only been suspended. The suspension came after large scale protests broke out against the Maglev from residents who felt that the extensions would decrease their property value and harm their health. However, popular opposition alone probably should not be enough to derail the project. End Note.) Peng added that even if Yu wanted to oppose the decision, he did not have the political clout to ignore Beijing.

#### Keeping a Balance

-----

¶7. (C) Peng noted, however, that past Shanghai leaders were perhaps too strongly in favor of Shanghai. It is important for Shanghai's Party Secretary to maintain a balance between Beijing and Shanghai, something that Yu has succeeded so far in doing. Shanghai still has a bright future. As host of the 2010 World Expo, the Shanghai government is focusing its efforts in three areas. First, the city is trying to improve cultural and moral standards by urging citizens to act civilly. Second, it is taking steps to improve Shanghai's infrastructure. Third, it is implementing more measures to improve the government's transparency and openness. Among other things, the city knows that foreigners care about openness and transparency and is taking steps in this area to improve its international image. All of these measures will improve life in Shanghai.

Yu's Last Stop?  
-----

¶8. (C) Given Yu's age of 63, both Peng and Zhou expect that Yu will finish his career in Shanghai. He will be too old to take on another position at the end of his five years in Shanghai as Party Secretary. Zhou added that it might be beneficial for a leader not to have aspirations for higher offices. Yu will not be constrained by ambition and can act more in the interests of the city.

Han Zheng is Lucky  
-----

¶9. (C) Peng and Zhou also believe that Mayor Han Zheng will remain in place. According to Zhou, Beijing does not want to create more instability in the Shanghai leadership by making wide-scale changes. Peng said that Han knows that he is lucky to retain his position and that he continues to be vulnerable because of the scandal. Low-level investigations into the Shanghai pension scandal continue. Notably, Huang Ju's former secretary Wang Weigong is still under investigation, which could have implications for Han.

Comment  
-----

¶10. (C) After the turmoil caused by the 2006 Shanghai Pension

SHANGHAI 00000297 003 OF 003

Scandal, Yu appears to have brought some stability to Shanghai. As noted by contacts, having a leader who is in line with Beijing is not necessarily a bad thing for Shanghai. In this view, Beijing is not trying to limit Shanghai's development but wants to ensure that this development benefits the whole country and does not run counter to the Center's economic goals. Shanghai may be at the head of the train and do much of the heavy pulling, but it will not set the direction.  
JARRETT